

## Board of Directors - Public

<b>Subject:</b>	Report of the Finance Committee	30/03/17		
<b>Prepared By:</b>	Neal Gossage - NED, Chair of Finance Committee			
<b>Approved By:</b>	Neal Gossage - NED, Chair of Finance Committee			
<b>Presented By:</b>	Neal Gossage - NED, Chair of Finance Committee			
<b>Purpose</b>				
The Finance Committee met on 29 <sup>th</sup> March 2017. This paper informs members of the significant matters agreed by the Committee for reporting to the Board of Directors:			<b>Decision</b>	
			<b>Approval</b>	
			<b>Assurance</b>	X
<b>Strategic Objectives</b>				
<b>To provide outstanding care to our patients</b>	<b>To support each other to do a great job</b>	<b>To inspire excellence</b>	<b>To get the most from our resources</b>	<b>To play a leading role in transforming health and care services</b>
X	X	X	X	X
<b>Overall Level of Assurance</b>				
	<b>Significant</b>	<b>Sufficient</b>	<b>Limited</b>	<b>None</b>
		X		
<b>Risks/Issues</b>				
<b>Financial</b>	As indicated in the reports to the Committee.			
<b>Patient Impact</b>				
<b>Staff Impact</b>				
<b>Services</b>				
<b>Reputational</b>				
<b>Committees/groups where this item has been presented before</b>				
N/A				
<b>Update</b>				
<p>1. The trust is forecasting a full year deficit of £40.66m (control total basis) - £0.48m better than plan. However, there are risks in delivering the forecast as follows:</p> <ul style="list-style-type: none"> <li>- The STF for Q4 is only based on financial performance – this could lead to c£320k STF being received.</li> <li>- Further STF funds will be made available to trusts depending on the M12 results – that could lead to a “bonus” of £1m+</li> <li>- The CCG is challenging outcomes from the Alliance – the accounts assume that all funds due to the trust will be received (£4m), but the amount received could be around £2m less. NHSI will support SFH and other alliances if the dispute goes to mediation.</li> <li>- There will be an impairment of fixed assets which will increase the deficit reported by SFH in the annual account.</li> </ul> <p>The committee received assurance on the processes in place to mitigate any further challenges to the forecast outturn.</p> <p>2. The budget has now been allocated to divisions but there has been no response from NHSI on the challenge to the 2017/18 control total (mainly around the interest payable on merger costs). The key risks in the budget aside from normal activity are:</p>				

- Non-delivery of the STP CIP (£6m) although a director of turnaround has now been appointed by the CCG
  - Non-delivery of the QIPP which could lead to higher incremental costs for the trust (£2m)
  - The IR35 changes leading to staff not working for the trust on the payroll and therefore potentially higher wage costs than planned to “compensate” ex-agency workers.
3. The committee reviewed its work programme for 2017/18 and agreed to carry out additional work on divisional performance (through deep dives) and agency cost expenditure to ensure that the cap is achieved by the end of 2017/18.